

Library Finances

Funding, Sources, Accounting Reports, and
What It All Means

Miles Benton - MT Department of Administration
Lauren McMullen - Montana State Library

Introductions:

What we'll cover today

- Funding and revenue sources that are available to libraries
- Budget laws that impact the library
- Budgetary Accounting Reporting System (BARS)
- Library Depreciation Reserve Fund
- Your questions

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Funding and revenue sources that are available to libraries

Budget laws that impact the library

Budgetary Accounting Reporting System (BARS)

Library Depreciation Reserve Fund

Your questions

Revenue Sources

- Federal
- State
- Local



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We'll take these sections one by one and use the flip chart to let audience fill in the blanks. What are some federal funding sources for libraries?

LSTA – comes through State Library

E-Rate

CTEP (administered through MT dept of Transportation)
(BTOP)

Federal funding – general:

PILT- payments are made annually for tax-exempt federal lands - dollars go to counties, counties may give share to libraries (to help local governments carry out vital services on federally owned lands) Chapter 69, Title 31 of the US Code
<http://www.doi.gov/pilt/index.cfm>

State Funding for libraries:

Coal severance tax – 80% goes to trust fund, earns interest. Pays for federations – library networks in 6 regions. Dollar amount pays for databases, research, online magazines, specialized information sources

State aid per capita/per square mile (MCA) – libraries must meet standards to receive this, can be used for whatever library wants, needs

Resource Sharing (used to go to ILL) now it is used to pay OCLC and MSC costs

State funding general:

State entitlement share (MCA) <http://www.mtcounties.org/resources/fiscal-information-forms/entitlement-share>

State lands (sort of like PILT on the state level)

Local funding for libraries:

Property taxes – Voted or dedicated library levies

Local funding – through general fund or inter local agreement (contract between library and funding agencies)

Other sources of revenue:

Local clubs or organizations

Donations

Fines and Fees (these are two different sources in BARS)

Friends, foundations (endowment = never spend principle) 501 c 3 tax deductible contributions

Montana Community Foundation

Types of Levies

- Dedicated Library Levy
- General Fund Levy
- Levy for Multijurisdictional Service Districts
- Levy for Independent Library Districts



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Property taxes – local taxes provide the major financial support of libraries in Montana.

Dedicated library levy – a levy voted on by the people within a given service area. This levy must be used for library services.

General Fund Levy – this levy may or may not have been voted on by the people in a given service area. It is used to fund all types of government services within an area. The city or county oversees this money and may give a portion to the library. The “piece of the pie” approach.

Levy for Multijurisdictional Service Districts – a levy that supports a special district created by both a vote of the people within a specific area and an inter local agreement between governing bodies. This levy can only be used for services provided by the special district. An example of this might be: water district, cemetery district

Levy for Independent Library Districts – This levy is voted on by the people within the boundaries of an independent library district.

There are many formulas for public library funding around the state. Let’s explore the variety of funding structures represented in this room. Introductions: What kind of library do you represent? City? County? City/county? District?

Multijurisdictional?

How is your library funded: Dedicated library levy?

Inter local agreement?

(Go around the room and let each library describe it's funding/governance structure.)

Budget Laws and Practices

- Title 7 of the MCA
- Governmental Accounting Standards
- Local Government Budget Act



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This is Miles' part:

Saving for the Future

- Capital Improvement Fund
- Library Depreciation Reserve Fund



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Purpose, legal basis, difference between

Both of these funds:

Have statutory basis MCA

CIP 7-6-616 LDRP 22-1-306 public libraries, 22-1-716 library districts

Are established for replacement and acquisition of property, capital improvements, facilities and equipment

Are established by the governing body


Interest earned must be credited to the Fund

What's the difference?

- CIF
 - Must cost more than \$5000 and have life over 5 years
 - Source: funds from any source
 - County-wide coverage
- LDRF
 - No restriction on cost or useful life
 - Source: unspent allocations to the library
 - Money can only be spent for the library

Budget Tips

- Working with the clerk
 - Budgeting is an art and the clerk is the artist; have a good relationship
 - Keep up with the budget timeline



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- Monthly Budget**
- | PREDICTED MONTHLY INCOME | | ACTUAL MONTHLY INCOME | |
|-----------------------------|-----------------|-----------------------------|--------------------|
| Source 1 | 1,000.00 | Source 1 | 1,000.00 |
| Source 2 | 500.00 | Source 2 | 500.00 |
| Total monthly income | 1,500.00 | Total monthly income | 1,500.00 |
| | | Projected Cost | Actual Cost |
| | | 1,500.00 | 1,500.00 |
| | | 60.00 | 60.00 |
| | | 30.00 | 30.00 |
| | | 50.00 | 50.00 |
| | | 90.00 | 90.00 |
| | | 1,000.00 | 1,000.00 |
| | | 43.00 | 43.00 |
| | | 1,500.00 | 1,500.00 |
- EXPENSES**
- Rent or rent
 - Electricity
 - Water and sewer
 - Car
 - Groceries
 - Utilities

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1st Thursday in September – taxable values certified

Questions?



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Availability of Revenue: What happens when taxes don't get collected?
For independent library districts: Can/should accounting be outsourced?
How should investments be handled? Can a library have it's own savings account?
What happens to unspent money at the end of the year?
How should donations be handled?
Are libraries required to account for funding from Friends and Foundations? How?
What reserves should the library maintain?

Resources

- Montana Library Trustee Handbook -Chapter 10 Finances:
http://msl.mt.gov/Library_Development/For_Trustees/Trustee_Manual/default.asp?pid=53
- Local Government Services Bureau
<http://doa.mt.gov/lgsb/default.mcp>
- County Budgeting (MACo):
<http://www.mtcounties.org/sites/default/files/publications/county-aid/county-budgeting.pdf>
- CTEP <http://www.mdt.mt.gov/business/ctep/>

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